

Auditor General's Report on F-35

Media are reporting that the government understated the costs of buying F-35s. This is incorrect.

- The Department of National Defence released its full estimated costs of buying 65 F-35s: \$14.7 billion over 20 years.
- The Auditor General has said that we should have, additionally, provided operating costs, such as jet fuel, pilot salaries, etc, that are incurred currently with the CF-18s and would exist with any aircraft purchased by Canada.
- The government accepts the Auditor General's conclusions and will include these figures going forward.

Here are the facts:

1. The Auditor General sets out in Chart 2.6 the government's estimates of acquisition, sustainment and operating costs for the F-35 in June 2010.
2. In March 2011, the Department of National Defence responded to the PBO report on the F-35 costs. Using the same budget elements as set out in the Parliamentary Budget Officer's report, National Defence provided estimates of acquisition costs of \$9 billion and sustainment costs of \$5.7 billion over 20 years. Sustainment costs include maintenance and software reprogramming.
3. The response from National Defence to the PBO (set out in a detailed chart) did not include estimates of operating and salary costs. These costs are not unique to the F-35 program, and would be incurred regardless of the type of fighter aircraft operated by the RCAF as noted by the Auditor General in paragraph 2.68. These costs would include such things as jet fuel, oil, consumables, pilot and support salaries.
4. These costs amount to approximately \$9 billion over 20 years and are reported to Parliament in the Estimates process as part of the Department of National Defence's A Base.

5. The Auditor General has concluded that the government should have taken the opportunity to release its operating and salary cost estimates in its reply to the PBO Report, even though the PBO did not appear to include these budget elements. The government has accepted this conclusion and has a seven point plan to respond to the Auditor General's report.